

Figure 17: Impact of Scenario 8 on Tax Cuts, Tax Revenue, Property Tax Relief, and the Economy

Effect	Scenario 8
Name of Scenario	"Governor's Proposal"
<u>Example Marginal Tax Brackets</u>	
Marginal Tax Rate: 4.75%	\$1-\$10,000
Marginal Tax Rate: 4.90%	\$10,001-\$100,000
Marginal Tax Rate: 4.95%	\$100,001-\$250,000
Marginal Tax Rate: 7.75%	\$250,001-\$500,000
Marginal Tax Rate: 7.85%	\$500,001-\$1,000,000
Marginal Tax Rate: 7.95%	\$1,000,001 or More
<u>Tax Cut Vs. Tax Hike</u>	
Tax Filers with a Tax Cut	85.3%
Tax Filers with No Tax Change	12.0%
Tax Filers with a Tax Hike	2.8%
Net Income Threshold for Lower Taxes	\$255,000
<i>Household Income for Lower Taxes*</i>	\$262,000
<u>Total Revenue Change</u>	
New State Tax Revenue**	\$3.12 billion
Can Cut Property Taxes by 10%	Yes
\$250M to Invest in Education	Yes
\$250M to Invest in Infrastructure	Yes
\$250M to Double EITC	No
<u>Change in State and Local Taxes***</u>	
Net Income: \$1-\$25,000	-\$325
Net Income: \$25,001-\$50,000	-\$419
Net Income: \$50,001-\$100,000	-\$513
Net Income: \$100,001-\$200,000	-\$727
Net Income: \$1,000,001 or More	+\$124,928
<u>Economic Impacts</u>	
Jobs Impact	+15,900
GDP Impact (Net Value Added)****	+\$1.58 billion

*The threshold for lower taxes is the level of *adjusted gross income* below which a family of three would receive a tax cut under the progressive tax scenario. The value in parentheses is for single individuals with no children.

**Income taxes paid by owners of pass-through business entities would not be set at 5 percent. This scenario includes revenue from the proposed 7.95 percent new tax rate on the net income of corporations.

****Estimates are for Illinois homeowners. For all estimates for all taxpayers regardless of homeownership status, please see the Technical Appendix.

*****Dynamic economic impacts include the impact on consumer demand, the impact of a 10 percent property tax cut, and the impact of potential public investments.

Source(s): Open records request Illinois Department of Revenue (IDOR, 2017). For full details, please see the Technical Appendix.